REMARKS

This amendment is responsive to the Office Action mailed January 21, 2011. In the Office Action, Claims 1-29 were rejected under 35 U.S.C. § 102(e) as allegedly being anticipated by Serkin et al. (US 2002/0161687, hereinafter "Serkin").[1] Serkin, however, fails to teach or suggest all of the elements of Claims 1-29 and therefore does not provide a *prima facie* basis for rejecting the claims. Applicant therefore respectfully requests withdrawal of the claim rejections and allowance of the pending claims.

Status of Claims

Applicant has amended Claims 1, 4, 8, 13, 18, 28, and 29 to further clarify certain features of the claims without conceding the merits of the claim rejections. No claims have been canceled. Claims 1-29 remain pending in the application.

Patentability of Claims 1-29

Claims 1-3 and 21-25

Claim 1 is directed to a computer-implemented method of facilitating trading at a market. As amended, Claim 1 recites, in part:

> receiving input from a market participant at a market participant's computer, wherein the market participant is a trading party participating in the market with other market participants, wherein the input provides a price for a side of a trade at the market, and wherein the input satisfies a market-related condition; and
>
> automatically receiving from the market, at the market participant's computer, notification of a new contra-side best market price that was provided to the market by another market participant for the trade, wherein the notification of the new contra-side best market price is received from the market in advance of the other market participants as a result of satisfying the market-related condition and only while the market-related condition is satisfied by the input received at the market participant's computer.

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[1] On page 2, the Office Action cited 35 U.S.C. § 102(e) as the basis for rejecting the claims, but in the sentence preceding the body of the remarks, the Office Action suggested that the claims were rejected under 35 U.S.C. § 103(a). In either case, applicant submits that the claim rejection is in error as the claims are neither anticipated by nor obvious over Serkin.

Applicant submits that Serkin fails to teach or suggest at least the foregoing elements of Claim 1.

Serkin discloses a market system that includes an internal execution process. As disclosed in the Abstract, Serkin's system includes "an order execution process that receives orders and matches orders against quotes posted in the system on a time priority basis and an order match-off process that checks if a market participant identification associated with a received order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system."

According to Serkin, a problem faced by ECNs with some execution systems is the potential for dual liability that arises when matching orders in an internal market while at the same time receiving an execution from an external execution system. As Serkin explains at paragraph [0035] (emphasis added):

> ECNs do not currently participate in the SOES^{SM} execution system because of the potential for dual liability and assuming proprietary positions. *For example, if an ECN matches orders between two subscribers and contemporaneously receives an execution from SOES^{SM} against its quote, the ECN will be required to honor both the internal execution and the SOES^{SM} execution, thus taking on a proprietary position.* This issue of liability does not arise in SelectNet® because that system delivers orders which can be declined if the ECN, after scanning its book, determines that the quote was taken out by an internal execution. An ECN cannot decline a SOES^{SM} execution because the system delivers an execution, as opposed to an order.

The solution provided by Serkin is to examine the origin of an incoming order to see if the order was received from a market participant that is already quoting the best bid/offer on the other side of the trade. If so, rather than sending the order for normal time/price priority execution in the order collector facility (OCF) 20, the system matches the market participant's incoming order with the market participant's own preexisting quote/order on the other side of the trade. More specifically, at paragraphs [0037] and [0038], Serkin explains (with emphasis added):

Referring now to FIG. 4, the internalize execution manager 26c is shown. Another benefit of the system 20 is that when Quoting Market Participant is at the best bid/best offer, internalize execution manager 26c *matches-off a participant's agency or proprietary orders against that participant's quotes/order before the order is sent for time/price priority execution* in the quote/order collector facility 20. Quoting Market Participants encounter difficulties in managing their book because Quoting Market Participants may transmit only a single quote (which may represent a single order or an aggregate of proprietary/agency interest at a single price).

For example, if MMA sends system 20 all of its quotes/orders and is at the best bid of $20 showing 4,000 shares (attributable and non-attributable), and the MMA sends OCF 25 a 1,000 share market sell order from one its customers, OCR [sic – OCF] 25 will examine 67a the identification of the order and if it matches the identification of the market participant who is at the best bid or offer for that security, the OCP [sic – OCF] 25 will *execute 67b the order against the participant's own quote*, thus matching off the order on behalf of the participant. The OCP [sic – OCF] 25 can call 67c a "request a cancel" function where a Quoting Market Participant can request cancellation of an order from system 20 before the order is actually executed. The request to cancel feature, along with the ability to leave orders with system 20, will benefit ECNs by allowing them to participate in automatic execution and the internalized execution process 67 described above while minimizing the potential for double liability or taking on a proprietary position.

While Serkin purports to address the problem of dual liability by ensuring that a market participant's orders are executed against the market participant's own quotes/orders on the other side that are at the best/bid offer for the trade, Serkin nowhere teaches or suggests "automatically receiving from the market, at [a] market participant's computer, notification of a new contra-side best market price that was provided to the market by another market participant for the trade, wherein the notification of the new contra-side best market price is received from the market in advance of the other market participants as a result of satisfying the market-related condition and only while the market-related condition is satisfied by the input received at the market participant's computer," as claimed in Claim 1.

According to the present application, a market participant may get a "first look" at market data such as a new contra-side best market price provided by another market participant, before

the other market participants receive the data. To obtain this benefit, the market participant satisfies a condition. The first look feature is an incentive to traders to satisfy the condition in order to receive advance notification of a new contra-side best market price. See, e.g., Figure 76, and page 32, line 27, to page 33, line 8, and further at page 90, lines 19-27.

Serkin's disclosure of matching a market participant's orders against the market participant's own quotes/orders on the other side of the trade does not teach or suggest "receiving from the market, at the market participant's computer, notification of a new contra-side best market price that was provided to the market by another market participant for the trade."

Furthermore, Serkin does not teach or suggest that "notification of the new contra-side best market price is received from the market in advance of the other market participants as a result of satisfying the market-related condition and only while the market-related condition is satisfied by the input received at the market participant's computer." To the contrary, Serkin disseminates orders and quotes to market participants via an aggregate montage and/or a current quote montage. At paragraphs [0021], [0029], and [0033], Serkin explains (with emphasis added):

> As shown in FIG. 1A, each quote 19 submitted to the system can included a display quote size 19a, a reserve size 19b and an indication 19c (ATTR) of whether the quote size is attributable or non-attributable. Quote size 19a when attributable based on indicator 19c, is directly attributable to the market maker or ECN and is ***displayed in an "current quote" montage an order display window 200 [sic]*** to be discussed below in FIG. 9. Quote size 19b when non-attributable is size that the market maker or ECN wishes to display to the marketplace through an aggregate montage of the order display window 200 discussed below in FIG. 9.
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> . . .
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> Referring to FIG. 3A, the order collector process 25 receives orders/quotes and time stamps 42 each order/quote upon receipt. This time stamp determines the order's/quote's ranking for automated execution. Quotes/orders are designated as either attributable or non-attributable, and could also have a reserve size discussed above. The order collector process 25 aggregates all of a Quoting Market Participant's attributable and non-attributable orders at a particular price level, and ***disseminates***

order/quotation information into the aggregate montage and/or the current quote montage, as will be discussed below.

> . . .

> For example, MMA sends system 20 five 1,000 shares attributable buy orders at $20 and two 1,000 share non-attributable buy orders at $20, for a total interest of 7,000 shares to buy at $20. At some point, the $20 price level becomes the best bid. In this example, if MMA is alone at the inside bid, system 20 will aggregate all of the orders in the system and display as follows: 7,000 shares in the Aggregate montage; 5,000 shares (the attributable portion) in the current quote montage next to MMA's MMID; and 2,000 (the non-attributable portion) in a "SIZE" MMID.

Nowhere does Serkin teach or suggest that price information is disseminated from the market to a market participant in advance of the other market participants as a result of the market participant satisfying a market-related condition. In contrast to market participants in systems such as Serkin that concurrently receive a new price from the system, a market participant according to Claim 1 "receiv[es] from the market . . . notification of a new contra-side best market price that was provided to the market by another market participant . . . *in advance of the other market participants* as a result of satisfying the market-related condition and only while the market-related condition is satisfied by the input received at market participant's computer." (Emphasis added.)

To the extent the Office Action is relying on obviousness under Section 103, the Supreme Court in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398, 82 U.S.P.Q.2d 1385, 1395-97 (2007) indicated that the key to supporting any rejection under 35 U.S.C. § 103 is a clear articulation of the reason(s) why the claimed invention would have been obvious. See also M.P.E.P. § 2143. The Office Action did not identify the specific aspects of Serkin's disclosure that constitute receiving "notification of a new contra-side best market price . . . in advance of the other market participants." Applicant has carefully studied the disclosure of Serkin at page 1, paragraphs [0003], [0004], and [0006]; page 4, paragraph [0054]; page 5, paragraph [0060]; page 6, paragraph [0073]; and page 7, paragraph [0080]; as cited in the Office Action, and respectfully submits there is no disclosure in Serkin of the elements claimed in Claim 1.

Because Serkin fails to disclose or suggest all of the elements of Claim 1, applicant submits that a *prima facie* basis for rejecting Claim 1 has not been established. The rejection of Claim 1 should be withdrawn.

The rejection of Claims 2, 3, and 21-25 should also be withdrawn. Claims 2, 3, and 21-25 are patentable over Serkin, both for their dependence on Claim 1 and for the additional subject matter they recite.

<u>Claims 4-7, 26, and 27</u>

Claim 4 is directed to a computer-implemented method of facilitating trading at a market. The method, as claimed, includes "automatically . . . selecting a party to receive notification of a new contra-side best market price for a trade at the market in advance of other market participants, wherein the selected party is a market participant participating in a market with the other market participants, wherein the selected party has provided a price for a side of the trade at the market, and wherein the new contra-side best market price is provided by a market participant other than the selected party" and "automatically . . . notifying the selected party of the new contra-side best market price for the trade in advance of notifying the other market participants."

The method of Claim 4 further includes "automatically . . . measuring a predetermined time from when notification of the new contra-side best market price was sent to the selected party and, after the predetermined time has elapsed, notifying the other market participants of the new contra-side best market price."

The Office Action (page 3) rejected Claim 4 as allegedly being anticipated by Serkin. Applicant disagrees for reasons similar to those discussed above relative to Claim 1, and therefore submits that a *prima facie* basis for rejecting Claim 4 has not been established.

The Office Action asserted that Serkin teaches "selecting a party to receive notification of a new contra-side best market price for a trade at the market in advance of other market participants." Applicant disagrees. Serkin is directed to a market system that includes an

internal execution process. According to the Abstract of Serkin, "[t]he system includes an order execution process that receives orders and matches orders against quotes posted in the system on a time priority basis." While Serkin also teaches "an order match-off process that checks if a market participant identification associated with a received order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system," nowhere does Serkin teach or suggest "*selecting a party to receive notification of a new contra-side best market price for a trade at the market in advance of other market participants . . . wherein the new contra-side best market price is provided by a market participant other than the selected party*," as claimed in Claim 4.

Serkin also fails to teach or suggest "*measuring a predetermined time from when notification of the new contra-side best market price was sent to the selected party and, after the predetermined time has elapsed, notifying the other market participants of the new contra-side best market price*," as claimed in Claim 4. The Office Action cited Serkin at page 1, paragraphs [0003] and [0006]; page 4, paragraph [0054]; page 5, paragraph [0060]; page 6, paragraph [0073]; and page 7, paragraph [0080], but these passages do not teach what is claimed and therefore do not support a *prima facie* case of anticipation (or obviousness) of Claim 4.

In view of the above, applicant submits that withdrawal of the rejection of Claim 4 is merited. Claims 5-7, 26, and 27 are also patentable over Serkin, both for their dependence on Claim 4 and for the additional subject matter they recite.

Claims 8-12

Claim 8 is directed to a system for facilitating trading at a market. The system includes "a computer having a processing component and a memory." The Office Action (page 4) rejected Claim 8 as allegedly being anticipated by Serkin. However, nothing in Serkin suggests "instructions stored in the memory that cause a processing component to *select a party to receive notification of a new contra-side best market price for a trade at the market in advance of other market participants*," as claimed in Claim 8. Serkin also fails to teach or suggest "instructions

stored in the memory that cause the processing component to *measure a predetermined time from when notification of a new contra-side best market price is sent to the selected party and, after the predetermined time has elapsed, to notify the other market participants of the new contra-side best market price.*" (Emphasis added.)

Serkin teaches a market system that includes an internal execution process that "receives orders and matches orders against quotes posted in the system on a time priority basis." (See, e.g., the Abstract of Serkin.) Serkin also teaches "an order match-off process that checks if a market participant identification associated with a received order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system." Nevertheless, Serkin does <u>not</u> teach or suggest "select[ing] a party to receive notification of a new contra-side best market price for a trade at the market in advance of other market participants . . . wherein the new contra-side best market price is provided by a market participant other than the selected party."

Absent specific facts from Serkin supporting a *prima facie* case of anticipation (or obviousness), withdrawal of the rejection of Claim 8 is warranted. Claims 9-12 are also patentable over Serkin, both for their dependence on Claim 8 and for the additional subject matter they recite.

<u>Claims 13-17</u>

Claim 13, as amended, is directed to a non-transitory computer-accessible medium having executable instructions stored thereon for facilitating trading at a market. In response to execution by a computer, the instructions cause the computer to "*select a party to receive notification of a new contra-side best market price for a trade at the market in advance of other market participants, wherein the selected party is a market participant participating in the market with the other market participants, wherein the selected party has provided a price for a side of the trade at the market, and wherein the new contra-side best market price is provided by a market participant other than the selected party.*"

The instructions further cause the computer to "*notify the selected party of the new contra-side best market price for the trade in advance of notifying the other market participants*," to "*measure a predetermined time from when notification of the new contra-side best market prices is sent to the selected party*," and "*after the predetermined time has elapsed, to notify the other market participants of the new contra-side best market price.*"

For at least reasons similar to those discussed above with regard to Claims 1 and 8, applicant submits that the rejection of Claim 13 based on Serkin is without support and should be withdrawn. The rejection of Claims 14-17 should also be withdrawn, both for their dependence on Claim 13 and for the additional subject matter they recite.

Claims 18-20

Claim 18, as amended, is directed to a non-transitory computer-accessible medium having executable instructions stored thereon for facilitating trading at a market. The market has "a best market price for a side of a trade at the market and a best market price for a contra-side of the trade at the market." In response to execution by a computer, the instructions cause the computer to "*receive an order having a new price for a side of the trade at the market*" and "*determine whether the new price is better than the best market price for the side of the market.*" Further, "in response to receiving an order having a new price that is better than the best market price for the side of the trade at the market," the instructions cause the computer to "*identify a trading party that is currently providing the best market price for the contra-side of the trade at the market, wherein the trading party is different from the party from whom the order having the new price is received*" and to "*notify the trading party of the new price, wherein the notification is sent to the trading party in advance of sending notification of the new price to other market participants in the market.*" The trading party is thus "given a first look at the new price before the other market participants."

The Office Action (page 6) relied on Serkin as allegedly disclosing the elements of Claim 18. However, applicant respectfully disagrees.

Applicant has reviewed Serkin at page 1, paragraphs [0003] and [0006]; page 4, paragraph [0054]; page 5, paragraph [0060]; page 6, paragraph [0073]; and page 7, paragraph [0080], as cited in the Office Action. Applicant respectfully submits that Serkin does not teach or suggest what is claimed in Claim 18. Arguments similar to those discussed above with respect to Claims 1, 4, 8, and 13 are applicable to Claim 18.

Because the cited art does not support a *prima facie* basis for rejecting Claim 18, the rejection of Claim 18 should be withdrawn. The rejection of Claims 19 and 20 should also be withdrawn, both for their dependence on Claim 18 and for the additional subject matter they recite.

Claims 28 and 29

Lastly, Claim 28 recites a computer system that is configured to facilitate trading at a market. The computer system includes "*means for receiving input from a market participant providing a price for a side of a trade at the market, wherein the market participant is a trading party participating in the market with other market participants, and wherein the input satisfies a market-related condition by providing the best market price for the side of the trade at the market.*"

The computer system further includes "*means for receiving from the market a new contra-side best market price for the trade provided by another market participant, wherein notification of the new contra-side best market price is received from the market in advance of the other market participants as a result of satisfying the market-related condition and only while the market-related condition is satisfied by the received input.*"

For at least reasons similar to those discussed above, including with respect to Claim 1, applicant submits that Serkin does not anticipate or render obvious the elements of Claim 28.

Claim 29 is directed to a computing device that facilitates trading at a market. The combination of elements recited in Claim 29 is neither taught nor suggested by Serkin, as discussed above, e.g., with respect to Claim 8. For example, Serkin does not teach or suggest

"*select[ing] a party to receive notification of a new contra-side best market price for a trade at the market in advance of notifying other market participants . . . wherein the new contra-side best market price is provided by a market participant other than the selected party,*" nor does Serkin teach or suggest "*measur[ing] a predetermined time from when notification of the new contra-side best market price is sent to the selected party,*" and "*notify[ing] the other market participants of the new contra-side best market price after the predetermined time has elapsed.*"

For at least the reasons discussed above, the rejection of Claim 29 should be withdrawn.

CONCLUSION

Applicant respectfully submits that the disclosure of Serkin is deficient and does not support a *prima facie* case of anticipation or obviousness of Claims 1-29. The claim rejections should be withdrawn and the claims allowed. Should any issues remain needing resolution prior to allowance, the Examiner is invited to contact the undersigned counsel by telephone.

Respectfully submitted,

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